

FINANCIAL LITERACY AND FINANCIAL HEALTH AMONG MALAYSIAN



By

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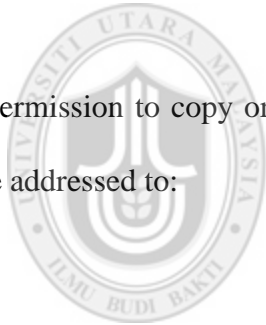
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ABSTRACT

The aim of this research paper is to examine the level of financial literacy and financial health among Malaysian aged between 18 to 45 years old. This research carries out three objectives; (i) to analysis determinants of financial literacy among Malaysian, (ii) to explore strategies to enhance financial literacy among Malaysian and (iii) to examine the relationship between financial literacy and financial health in Malaysia. Primary data collection method, through a well-structured questionnaire is used to test the level of financial literacy and financial health among Malaysian. A total of 2500 respondents were randomly selected from Peninsular Malaysia to answer this questionnaire. This study further employed various research design namely, descriptive analysis, correlation analysis, Independent Samples T-Test, One-Way ANOVA and regression analysis using enter and stepwise method to test the level of financial literacy and financial health of individuals in Malaysia. The finding of this study revealed that saving management, investment skills, parent's characteristics and debt management have a significant correlation with financial literacy. In addition, this study also identified men aged between 18 to 25 years old as well as earn monthly income less than RM1500 are weak in terms of financial literacy. Moreover, results of this study also prove that, certificate holders as well as self-employed are financially illiterate and need to be given extra attention to these groups to enhance their financial literacy level. In this regards, this paper has suggested various strategies to improve the level of financial literacy among Malaysian. The enforcement of financial education start early at primary school level or at pre-school level is the best strategy to enhance the financial literacy of Malaysian. This is because; good financial literacy can save a person from debt burden and bankruptcies as well as help to improve their financial health overall.

Keywords: financial literacy, financial health, strategies, Malaysian.

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ABSTRAK

Matlamat kajian ini adalah untuk menguji tahap kecelikan dan tahap kewangan yang sihat di Malaysia, terutamanya mereka yang berumur antara 18 hingga 45 tahun. Kajian ini mengandungi tiga objektif iaitu, (i) menganalisa penentu kecelikan kewangan di kalangan rakyat Malaysia, (ii) mengenal pasti strategi untuk meningkatkan tahap kecelikan kewangan di kalangan rakyat Malaysia dan (iii) memeriksa hubungan antara kecelikan kewangan dan kewangan yang sihat di kalangan rakyat Malaysia. Kaedah pengumpulan data adalah melalui penggunaan soal selidik. Borang soal selidik digunakan untuk menguji tahap kecelikan kewangan dan tahap kewangan yang sihat di kalangan rakyat Malaysia. Seramai 2500 responden telah dipilih secara rawak dari Semenanjung Malaysia untuk menjawab borang soal selidik ini. Kajian ini juga menggunakan pelbagai kaedah penyelidikan iaitu analisis deskriptif, analisis korelasi, “Independent Samples T-Test”, “One-Way ANOVA” dan analisis regresi untuk menguji tahap kecelikan dan tahap kewangan oleh responden. Dapatan kajian ini menunjukkan bahawa pengurusan penjimatan, kemahiran pelaburan, ciri-ciri ibu dan bapa dan pengurusan hutang mempunyai hubungan yang signifikan dengan kecelikan kewangan di Malaysia. Di samping itu, kajian ini juga mengenal pasti golongan lelaki yang berumur antara 18 hingga 25 tahun serta mempunyai pendapatan bulanan kurang daripada RM1500 adalah golongan yang lemah dari segi pengetahuan kewangan. Selain itu, hasil kajian ini juga membuktikan bahawa, pemegang sijil dan bekerja sendiri adalah golongan yang lemah dari segi kecelikan kewangan dan perlu diberi perhatian kepada kumpulan ini. Sehubungan dengan itu, kajian ini telah mencadangkan strategi untuk meningkatkan tahap pengetahuan kewangan di kalangan rakyat Malaysia. Penguatkuasaan pendidikan kewangan bermula di peringkat sekolah rendah atau di peringkat prasekolah adalah strategi terbaik untuk meningkatkan tahap kecelikan kewangan di Malaysia. Ini kerana, pengetahuan kewangan yang betul boleh menyelamatkan seseorang daripada beban hutang dan kebangkrutan serta membantu untuk meningkatkan kesihatan kewangan individu secara keseluruhan.

Katakunci: kecelikan kewangan, kewangan yang sihat, strategi, rakyat Malaysia.

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CHAPTER ONE

BACKGROUND OF STUDY

1.1 INTRODUCTION

The present chapter contains the research background, definition, problem statement, objectives of the research, and research questions. The chapter also shed a light on the significance of the study, scope of the study and the final section explains the organization of the study.

In today's human societies the earning and spending of money has become one of the most important way we connect with one another. Individual must have enough money, because money has plays an extremely significant role in present world. In today's world, money is also the main cause of inhumane wars between the countries since the superpower nation exploits other countries through war solely due to the natural wealth of that country. Simmel (1997) in his book, *The Philosophy of Money* explain that money shapes the thinking of consumers both in their actions and in psyches. According to him, money plays significant sociological role in social and cultural interaction of a society. Money in general, is any items or verifiable record that is normally acceptable as a payment for goods and services. The main functions of money can be distinguished as store of value, unit of account, medium of exchange and sometimes standard of deferred payment. Any items or verifiable record that meets the function can be considered as money.

According to Susan (2001), international trade and the utilization of money has grown quickly since the end of the World War Two. Import and exported by countries has grown up at an

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